I. Entrepreneurship in the post-2015 development agenda

1. At the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, in June 2012, world leaders reaffirmed their commitment to sustainable development in three interconnected dimensions: economic, social and environmental. They agreed to build on the achievements of the Millennium Development Goals by developing a set of sustainable development goals that would be global in nature and universally applicable, but adapted to national circumstances.

2. In its resolution 67/202 the General Assembly, recognizing the important contribution that entrepreneurship can make to sustainable development by creating jobs, driving economic growth and innovation, improving social conditions and addressing environmental challenges, and stressing the importance of giving appropriate consideration to the promotion of entrepreneurship in the post-2015 development agenda, emphasized the need for improved regulatory environments and policy initiatives that promoted entrepreneurship and fostered small and medium-sized enterprises; encouraged Governments to take a coordinated and inclusive approach to promoting entrepreneurship; emphasized the need for partnership with the private sector; and invited Member States to strengthen entrepreneurship-promotion initiatives in six priority areas. It further encouraged countries to consider establishing or strengthening national centres of excellence in entrepreneurship, and called upon the United Nations system to recognize entrepreneurship and integrate its various forms into their policies, programmes and reports and to support national efforts in that regard, as appropriate.

3. Entrepreneurship formed an integral part of the discussions at the Open Working Group on Sustainable Development Goals established in 2013 further to General Assembly decision 67/555. It was explicitly reflected in the proposals that the Open Working Group agreed on by acclamation at its thirteenth session in July 2014, to be forwarded to the General Assembly for consideration and appropriate action. Under goal 4 on education, target 4.4 calls for an increase by x% in the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship, by 2030. Under goal 8 on promoting economic growth, target 8.3 calls for promoting development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation and encourage formalization and growth of micro, small and medium-sized enterprises, including through access to financial services Different elements of entrepreneurship can also be found in a variety of other targets proposed by the Open Working Group.[1]

4. As the international community works towards formulating the post-2015 development agenda, Member States have recognized that the promotion of entrepreneurship through small and medium-sized enterprises can support the achievement of sustainable development goals. The United Nations Conference on Trade and Development (UNCTAD) has prepared this report in consultation with the Department of Economic and Social Affairs and other relevant United Nations agencies and stakeholders to review the implementation of the resolution by taking

[1] For information about the Working Group, including its documentation, see http://sustainabledevelopment.un.org/owg.html.

stock of recent trends and policy issues on the basis of the identified priority areas for entrepreneurship promotion.[2]

II. The role of entrepreneurship in addressing sustainable development challenges

5. Entrepreneurship has a critical role to play in sustainable development and poverty eradication. It has the potential to stimulate economic growth through job creation; help formalize businesses; create opportunities for and thereby empower disadvantaged groups such as youth and women; and strengthen local productive capacity by developing linkages with transnational corporations and thereby indirectly maximize the impact of foreign investment. It also has the potential to contribute to social development by promoting social and environmental entrepreneurship and gender equality.

6. Entrepreneurship can also have a significant impact on job creation. According to International Labour Organization (ILO) projections, 500 million new jobs will need to be created by 2020 in order to provide full employment. Developing countries will require more than 90 per cent of these jobs, presenting an unprecedented challenge for countries.[3]

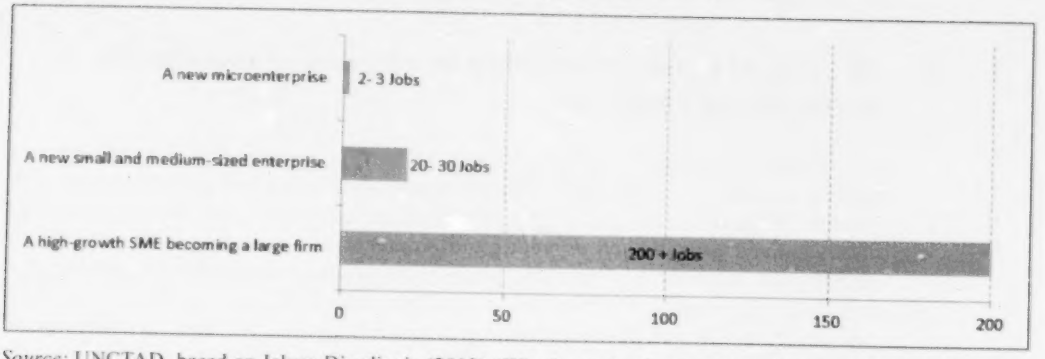
7. Small and medium-sized enterprises play an important role in job creation. These enterprises create two thirds of all formal jobs in developing countries.[4] In low-income countries, the share of jobs created by small and medium-sized enterprises is even higher (80 per cent). Developing countries, however, lack high-growth, medium-sized enterprises — "gazelles" — which outperform other firms both in productivity and in creating employment. Technology hubs, incubators and science parks have been established in many countries as a way to boost the creation of high-growth firms.

[2] Peer review meetings took place with United Nations agencies and experts at a global summit of entrepreneurial educators, held in Swansea, United Kingdom of Great Britain and Northern Ireland, in June 2014.

[3] ILO, *Global Employment Trends 2014: Risk of a Jobless Recovery?* (Geneva, 2014).

[4] German Federal Ministry for Economic Cooperation and Development and ILO, *Is Small Still Beautiful?: Literature Review of Recent Empirical Evidence on the Contribution of SMEs to Employment Creation* (Eschborn, Germany, German Agency for International Cooperation, 2013).

Figure 1
Average job creation of firms by size in developing countries



Source: UNCTAD, based on Jelena Djordjevic (2012) "Why becoming large matters: how scalable, high-growth entrepreneurs can help solve the jobs crisis", Endeavor Insight, 2012.

8. Informal enterprises can be a way out of poverty. However, they may have negative implications for sustainable development. Not only do they pose challenges for tax collection, thereby severely limiting the potential for economic growth, but informal enterprises also have wider social implications as informal entrepreneurs lack property ownership rights and safety nets such as labour rights, health and safety rules and insurance.[5]

9. The potential of a business to create jobs is determined by the type of entrepreneurs that predominate in the economy, i.e., whether they are "necessity-driven" (are drawn to entrepreneurship to escape unemployment) or "opportunity-driven" (become entrepreneurs to meet existing needs in the economy).[6] Opportunity-driven firms generate more sales per worker and have the potential to create stable, sustainable jobs compared with necessity-driven businesses. Opportunity-driven entrepreneurship can improve young people's career prospects and financial independence. There is a large untapped potential for the creation of formal and decent jobs by transforming necessity-driven entrepreneurs into opportunity-driven entrepreneurs. Some youth entrepreneurship initiatives, selected from the UNCTAD database, are listed in box 1.

Box 1
Global youth entrepreneurship initiatives

In countries where the workforce is very young, the formal labour market may not provide opportunities for all. Governments have taken steps to promote and stimulate youth entrepreneurship by introducing experiential learning in national education curricula, by promoting networking and mentoring and by encouraging information exchange and peer learning (see, for example, www.erasmus-entreprensurs.eu). Below are some examples of global youth entrepreneurship initiatives:

[5] ILO, "Transitioning from the informal to the formal economy", report V (1), International Labour Conference, 103rd session, 2014.

[6] See Global Entrepreneurship Monitor at www.gemconsortium.org.

- The Kauffman Foundation Global Entrepreneurship Week, which operates in 140 countries, is designed to help young people to explore their potential as self-starters and innovators.
- Youth Business International is a global network of non-profit initiatives operating in over 40 countries that helps young people to start and grow their businesses. In 2013, its members helped 14,406 young people to start businesses and trained 200,000 young people.
- Child and Youth Finance International aims to empower youth around the world by increasing their financial capability and improving their access to appropriate financial services. In 2013, more than 3 million young people in 118 countries participated in Global Money Week.
- Junior Achievement is the world's largest non-profit youth organization dedicated to educating students about workforce readiness, entrepreneurship and financial literacy. Through its network of 382,637 volunteers, in 2013, Junior Achievement taught 403,849 classes to 9,866,143 students around the world.
- The United Nations Inter-Agency Network on Youth Development aims to increase the Organization's effectiveness in youth development by strengthening collaboration and exchange among all relevant United Nations entities.
- The United Nations Industrial Development Organization (UNIDO) Productive Work for Youth programme assists young entrepreneurs in analysing markets and value chains with high potential.
- The ILO Youth Employment Network brokers partnerships among development agencies, Governments, the private sector, youth groups and non-governmental organizations with a view to improving employment opportunities for young people. It has trained over 1,500 youth representatives as advocates on youth employment.
- UNCTAD, in collaboration with the Commonwealth, is developing a guiding framework for youth entrepreneurship that aims to support policy makers in designing entrepreneurship policies and programmes for youth.

10. Social enterprises and cooperatives pursue economic viability and social goals and have the potential to address sustainable development objectives by reducing inequality, enhancing social cohesion and tackling environmental challenges while remaining financially sustainable.[7] Governments have taken steps to facilitate social and environmental entrepreneurship. Policy measures taken in response to this trend include formally recognizing social enterprises by conferring legal status on these entities.

[7] See United Nations Research Institute for Social Development (UNRISD), "Social and solidarity economy and the challenge of sustainable development", position paper by the United Nations Inter-Agency Task Force on Social and Solidarity Economy, June 2014.

11. Gender equality is central to sustainable development. Governments are increasingly mainstreaming women's entrepreneurship into sustainable development strategies as a way to ensure social equity and because it makes good economic sense.[8] According to the World Bank, addressing barriers that women entrepreneurs face could yield significant economic benefits, possibly adding as much as 1-2 percentage points to annual gross domestic product (GDP) growth in many countries.[9] Some United Nations initiatives on women's entrepreneurship, selected from the UNCTAD database, are presented in box 2.

Box 2

United Nations initiatives to promote women's entrepreneurship

United Nations system initiatives to promote women's entrepreneurship include:

- The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) has developed a global knowledge portal on women's economic empowerment (www.empowerwomen.org) that is also designed to strengthen the competitiveness of women entrepreneurs.
- The ILO Women's Entrepreneurship Development programme supports women to start, formalize and grow their enterprises and by mainstreaming gender equality issues into the work of ILO.
- The International Trade Centre (ITC) Global Platform for Action on Sourcing from Women Vendors aims to increase the share of corporate, government and institutional procurement secured by women vendors by linking them to international networks.
- The United Nations Development Programme (UNDP) office in Kenya conducts an Inclusive Economic Growth programme that trains women entrepreneurs in entrepreneurship, production and managerial skills while its Women in Business and Investment initiative offers microfinance.
- UNCTAD recognizes women entrepreneurs from the Empretec network every two years through its Women in Business Award. UNCTAD also empowers women entrepreneurs through the use of information and communications technologies and by mainstreaming gender in trade and investment policies.
- The UNIDO programmes to support capacity-building for sustainable industrial development support the development of women's entrepreneurship in the food-processing, textile, fish-processing and handicraft sectors.

[8] Linda Mayoux, "Gender mainstreaming in value chain development: experience with gender action learning systems in Uganda", *Enterprise Development and Microfinance*, vol. 23, No. 4 (2012).

[9] See the World Bank women, business and the law website (http://wbl.worldbank.org).

12. Entrepreneurship and the development of small and medium-sized enterprises provide much-needed absorptive capacity for investment and are critical to achieving sustainable development. Mobilizing investment for sustainable development remains a major challenge for many developing countries, particularly least developed countries. Given the consistent gaps in development financing in these countries, foreign investment can complement domestic investment. The UNCTAD Investment Policy Framework for Sustainable Development provides guidance to policy makers on how to tailor investment policies to achieve outcomes that foster sustainable development and inclusive growth.

III. Initiatives that contribute to entrepreneurship for development

13. Entrepreneurship is already a prominent feature of Governments' policy agendas. However, policy formulation is a complex undertaking that often lacks consistency and is subject to frequent changes over short periods of time. Research and policy analysis by UNCTAD has shown that entrepreneurship policies often overlook some of the relevant policy areas that have an impact on entrepreneurship, underestimating the effect of a bottleneck in one area on all other areas.

14. It is important to formulate entrepreneurship policies that are in line with a country's overall economic strategies and development objectives. Many policies, including macroeconomic, social and labour policies, have an impact on entrepreneurship and small and medium-sized enterprises although they may not specifically focus on them. It is important to identify measures within existing policies that have an impact on the promotion of entrepreneurship with the aim of achieving policy coherence and consistency.

15. A "whole of government" approach with strong commitment at the ministerial level and coordination across ministries, in partnership with the private sector and other civil society stakeholders, including academia, non-governmental organizations and community organizations, is desirable. Business associations and public institutions serving small and medium-sized enterprises (such as trade or investment support institutions) play an important role in this approach as they make it possible for entrepreneurs to speak and act collectively.

16. UNCTAD has developed the Entrepreneurship Policy Framework and Implementation Guidance with the overarching goal of contributing to inclusive and sustainable development in developing countries and economies in transition (see box 3 below). Sustainable development is embedded in each of the areas of the framework. UNCTAD has identified six priority areas: (a) formulating a national entrepreneurship strategy; (b) optimizing the regulatory environment; (c) enhancing entrepreneurship education and skills development; (d) facilitating technology exchange and innovation; (e) improving access to finance; and (f) promoting awareness and networking.

17. The following section describes some initiatives that have been undertaken towards the implementation of resolution 67/202 by area, providing examples of good practice. A detailed case study illustrating many of these initiatives is available from www.unctad.org/epf.

A. Formulating a national entrepreneurship strategy

18. National entrepreneurship strategies need to be tailored to each country's specific conditions. It is therefore important to clarify how entrepreneurship is expected to contribute to overall national development objectives and where policies should intervene to achieve those objectives. Which policy package is the most appropriate depends on the existing level of entrepreneurship in a given country, its structural characteristics and its sustainable development objectives.

19. The level of need for public support depends on the types of entrepreneurship prevalent in a country. In developing countries, the private sector is often highly segmented, with a large informal sector. Different strategies are needed for enterprises at the high and low ends of the spectrum. At the high end, it may be necessary to encourage start-ups that explore business concepts and markets that are new to the country, thereby increasing the range of business options for other investors. At the low end, new business opportunities need to be explored that are accessible to the poor and unskilled workforce. Special entrepreneurship programmes for youth and women's employment and for rural areas may be of strategic importance.

20. Entrepreneurship policy guidelines and strategies have been developed to improve policy formulation. Several countries have seen initiatives at the provincial, state, municipal and city levels. At the regional level, countries have pursued common initiatives to develop cross-border economic zones that nurture networks of entrepreneurs. Following is an illustrative list of entrepreneurship policies that have been undertaken at the regional, national and subnational/local levels:

- Regional
  - European Union Entrepreneurship 2020 Action Plan
  - Central American Integration System (SICA) Entrepreneurship Strategy "SICA Emprende", 2014
  - African Development Bank Group Strategy on African entrepreneurship as a pillar of private sector development, 2013-2022
  - Association of Southeast Asian Nations (ASEAN) Policy Blueprint for development of small and medium-sized enterprises, 2010-2014 (includes a chapter on entrepreneurship)
- National
  - Dominican Republic — National Entrepreneurship Strategy, 2014
  - South Africa — Youth Enterprise Development Strategy, 2013
  - Spain — Law to Support Entrepreneurs and their Internationalization, 2013
  - United Kingdom of Great Britain and Northern Ireland (Wales) — Youth Entrepreneurship Strategy, 2010-2015
  - Costa Rica — National Entrepreneurship Policy Costa Rica Emprende, 2010-2014

- Colombia — National Entrepreneurship Policy and National Strategy for Entrepreneurship, 2009

• Subnational/Local

- Region of Murcia (Spain) Entrepreneurial Action Plan and Municipio Emprendedor (Entrepreneurial Municipality) initiative, 2014
- City of Medellin (Colombia) Strategic Plan for Entrepreneurship in the Region of Antioquia
- Western Switzerland Plan for Innovation and Entrepreneurship, 2012
- Quebec (Canada) Entrepreneurship Strategy, 2011
- City of Johannesburg (South Africa) Young Entrepreneurship Policy and Strategy Framework, 2009

21. A coordinated and inclusive approach to promoting entrepreneurship should involve all stakeholders from the outset of the policy development process. Some Governments have initiated policy dialogue with non-governmental organizations, the private sector and development agencies, including the United Nations, thus ensuring the representation of all interests, including those of microenterprises and small and medium-sized enterprises. In an effort to strengthen their local productive capacities and to seize the opportunities that increased trade liberalization and globalization offer, several countries, including Costa Rica, the Dominican Republic, Nigeria and Singapore, have adopted a holistic approach to entrepreneurship policy development. This has resulted in a coherent policy approach that interlocked different areas of private sector development, including industrial policy, investment promotion, trade facilitation, export promotion, small and medium-sized enterprise promotion as well as fiscal policy. To give impetus to implementation, they have established entrepreneurship development centres to support entrepreneurs through events, information and guidance, sometimes linked to small and medium-sized enterprise development and/or investment promotion.

22. Examples of programmes to support entrepreneurship include:

• **Ecosystem development**. The Entrepreneurship Ecosystem Project at Babson College in Boston provides support to set up comprehensive ecosystems that link private sector-led initiatives to local development. The project assisted the city of Manizales, Colombia, with its economic development.

• **High-growth enterprise development**. Endeavor identifies high-growth and -impact entrepreneurs in emerging markets and develops capacity-building and policy instruments to support them. Endeavor established the Observatory for Entrepreneurship in Brazil, benchmarking entrepreneurial cities.

• **The start-up movement**. The Ewing Marion Kauffman Foundation for Entrepreneurship encourages entrepreneurship policy reforms in the United States and in other countries. It also assists countries to review their entrepreneurship policy. For example, the Foundation assisted India through its Entrepreneurship Policy Digest.

• **UNCTAD Entrepreneurship Policy Framework and Implementation Guidance** (box 3).

Box 3

Implementation of the UNCTAD Entrepreneurship Policy Framework in selected countries

Since its launch in April 2012, UNCTAD has assisted the following countries:

Brazil. The Federal Government, with the support of Endeavor Brazil and the Brazilian Support Service for Micro and Small Enterprises, developed 11 areas for intervention. A draft national public policy based in part on the UNCTAD Entrepreneurship Policy Framework is under review.

Ghana. The Government of Ghana, with support from UNCTAD, is developing a policy on entrepreneurship and small and medium-sized enterprises. Feedback from lessons learned is being incorporated.

Ecuador. The Alliance for Entrepreneurship and Innovation, a public-private partnership, is leading the development of Ecuador's entrepreneurship strategy. The Office of the Vice-President and the Commission for Economic Development are supporting the initiative. UNCTAD has provided technical inputs.

Nigeria. The Government of Nigeria revised its national policy on small and medium-sized enterprises and its entrepreneurship strategy following a review process led by the Federal Ministry of Trade and Investment. The policy reflects recommendations made by UNCTAD.

Panama. The Entrepreneurship Policy Forum, organized by UNCTAD in collaboration with the Latin American Development Bank, Ciudad del Saber and Empretec Panama in May 2012, resulted in 11 recommendations for entrepreneurship policy covering three key areas.

Zimbabwe. Stakeholders called upon the Ministry of Economic Planning and Investment Promotion to champion the development of entrepreneurship policy with the assistance of UNCTAD and Empretec Zimbabwe and support from funding partners.

23. Examples of regional and local development policies include the following:

- The European Union Small Business Act for Europe introduced the Think Small First principle in policymaking and the Entrepreneurship 2020 Action Plan to promote small and medium-sized enterprise growth. The Act triggered public procurement changes in favour of small and medium-sized enterprises and sustainable development principles, and fostered regional networks such as the South-East European Centre for Entrepreneurial Learning.
- The Organization for Economic Cooperation and Development (OECD) programme Local Economic and Employment Development aims to contribute to the creation of more and better jobs through effective policy design and

implementation and integrated strategies at the local level. OECD also carries out policy reviews and assists member countries in policy implementation.

- The United Nations Inter-Agency Task Force on Social and Solidarity Economy has developed key principles to promote an enabling institutional and policy environment for cooperatives and other forms of social enterprise.

24. Adopting a holistic approach requires the involvement of many actors in different sectors. Establishing a monitoring and coordination mechanism while ensuring internal coherence is one of the greatest challenges that policy makers face. The former Minister of Trade and Industry of Ghana, in a statement to the UNCTAD Investment, Enterprise and Development Commission in 2014, noted that the "success of an entrepreneurship and small and medium-sized enterprises policy will depend on [whether] it is implemented in a coordinated manner and aligned with the country's development agenda". At the same forum, the President of the National Assembly of Ecuador reiterated that "initiatives to foster entrepreneurship and innovation require a coordinated and co-responsible relationship between the private and public sectors".

25. The final step in the implementation of entrepreneurship policies is the development of indicators that can be used to evaluate the success of the policies put in place and to measure performance in the achievement of the various policy objectives. Several regional and international organizations have developed comparable indicators. However, their implementation and impact still need improvement.[10]

B. Optimizing the regulatory environment

26. The unleashing of entrepreneurship requires an environment that enables the entrepreneur to create, operate, manage and, if necessary, close a business in an environment where compliance with governance disclosure laws, licensing and registration procedures and the protection of physical and intellectual property are guaranteed. The regulatory environment should enable individuals to set up their own business, try new business ideas and take calculated risks. And it should keep administrative burdens to the minimum required to support public policy and sustainable development objectives.

27. In recent times, Governments have put a lot of emphasis on business environment reforms. In 2011/12, 108 economies implemented 201 regulatory reforms, making it easier to do business. Reforms undertaken by countries globally facilitated starting a new business, increasing the efficiency of tax administration and enhancing trade across borders. Of those reforms, 44 per cent focused on these three policy areas alone.[11] Democratic political institutions, transparent and accountable public and private entities, effective anti-corruption measures and good practice in corporate governance are all essential elements in optimizing the regulatory environment.

[10] See OECD, *Measuring Entrepreneurship: A Digest of Indicators* (Paris, 2008).

[11] World Bank, *Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises*, 11th ed. (Washington, D.C., 2013).

28. Special support measures for start-ups in general and for social entrepreneurs in particular range from reduced fiscal pressures to administrative facilitation and incentives aimed at promoting activities with particular social utility. For example, in Poland social cooperatives have a special status and enjoy fiscal incentives. Other countries, including Italy and the United States, offer fiscal incentives to all start-ups. Another area of attention is the incorporation of these enterprises into the formal sector. To ease formalization, the monotax was created in Argentina to replace the value added tax for micro-businesses. Since its creation the number of registered taxpayers has increased.[12] In Colombia, Law No. 1429 on formalization and generation of employment offered incentives to start-ups.

29. The strengthening and further development of regulatory frameworks can play an important role in improving corporate social responsibility. Compliance with existing laws and regulations is a core component of corporate social responsibility but, in addition, a number of voluntary initiatives can be scaled up in the next generation of regulatory frameworks.

30. Small and medium-sized enterprises in global value chains of large transnational corporations are expected to meet the expectations of their clients in terms of corporate social responsibility, and this may involve inspections and corrective actions.[13] Failure to meet these expectations may lead to the exclusion of small and medium-sized enterprises from international supply chains. Regulatory frameworks can therefore be usefully complemented by capacity-building programmes to promote regulatory compliance and good practice among small and medium-sized enterprises.

31. Small and medium-sized enterprises operate in an increasingly integrated world and are consequently not only affected by the national regulatory environment but also by multilateral and international agreements. Trade plays an important role in enhancing the capacity of enterprises and in offering them new markets to expand and grow. In this regard, a universal, rules-based, open, non-discriminatory and equitable multilateral trading system is critical.

32. Small and medium-sized enterprises may not benefit from international trade if constraints are not removed. It was pointed out at the Ninth World Trade Organization (WTO) Ministerial Conference, held in Bali, Indonesia, in 2013, that red tape and weaknesses in customs and transport pose a more formidable barrier to trade than tariffs. The Trade Facilitation Agreement reached in Bali contains measures to enhance assistance and support for capacity-building in developing countries to address this problem. Special programmes have been devised to address the needs of women, youth and micro-entrepreneurs in rural areas. For example, UNCTAD has developed a programme to assess the gender impact of trade liberalization in selected countries and provide technical assistance.[14]

33. Private and public institutions that act as intermediaries between small and medium-sized enterprises and regional, national and global stakeholders play an

[12] German Federal Ministry for Economic Cooperation and Development and ILO, "Enterprise formalization: fact or fiction?" (Eschborn, Germany, German Agency for International Cooperation, 2014).

[13] See UNCTAD, *Corporate Social Responsibility in Global Value Chains*, 2012.

[14] See http://unctad.org/en/Pages/DITC/Gender-and-Trade/Trade-Gender-and-Development.aspx.

important role in advocating for policy reforms. A number of international organizations work closely with stakeholders in this regard:

- The Global Forum on Reinventing Government, supported by the United Nations, works to achieve a transparent and accountable public administration in developing countries.
- UNCTAD e-regulations help developing countries and countries in transition with business facilitation through transparency, simplification and automation of rules and procedures relating to enterprise creation and operation. Since 2005, the e-regulation programme has been installed 26 countries.
- The UNIDO Competitiveness Business Environment and Upgrading Unit offers assistance and advice to Governments and enterprises on the deployment of foresight methodologies and implementation of long-term industrial development strategies.
- The ILO Enterprises Department works to create a conducive environment for sustainable enterprise by identifying policies and regulations that contribute to the creation and growth of sustainable enterprises as well as by providing technical assistance in upgrading regional and global value chains.
- The World Bank Ease of doing business index and governance indicators identify regulations that directly affect businesses, showing their impact on economic growth.
- The Donor Committee on Enterprise Development provides guidelines to help development agencies design business environment reforms in developing countries.
- The Middle East and North Africa-OECD Governance Programme aims at modernizing public governance through dialogue among policy practitioners from the region and OECD member countries.
- ITC enables national trade promotion organizations to identify their strengths and weaknesses, offering a learning platform to promote exports by small and medium-sized enterprises.
- The World Economic Forum holds a session on governance to work on the optimal regulatory environment for sustainable economic growth.

C. Enhancing entrepreneurship education and skills development

34. Entrepreneurship education covers a broad spectrum of learning activities aimed at instilling and shaping an entrepreneurial spirit and providing the right tools to start, grow and sustain a business. The importance of high-quality education for entrepreneurship was discussed at the high-level thematic debate on entrepreneurship for development convened by the President of the sixty-seventh session of the General Assembly on 26 June 2013.

35. Entrepreneurial skills centre around attitudes (soft skills), such as persistence, networking and self-confidence, on the one hand, and enabling skills (hard skills), which include basic start-up knowledge, business planning, financial literacy and managerial skills, on the other. Effective entrepreneurship education, policies and programmes focus on developing these entrepreneurial competencies and skills,

which are transferable to and beneficial in many work contexts. The aim is not only to strengthen the capacity and desire of more individuals to start their own enterprises, but also to develop an entrepreneurial culture. According to the UNCTAD Entrepreneurship Policy Framework, in order to achieve these goals, the following policy objectives are key: (a) embedding entrepreneurship in formal and informal education; (b) developing effective entrepreneurship curricula; (c) training teachers; and (d) partnering with the private sector.

36. In most countries, entrepreneurship education is usually not a core component of the curriculum of institutions at any level. Entrepreneurship education is more effective if it is embedded in the formal educational system rather than offered through community, rural or apprentice-training programmes.[15]

37. Entrepreneurship education is also more effective if it begins in early childhood. Brazil provides an example[16] of how to integrate entrepreneurship into formal education curricula. The programme, implemented in 126 cities, reaches a total of 340,000 students at the primary and secondary levels. Mainstreaming entrepreneurship into the national education system can be coordinated by the ministry of education in collaboration with other ministries with the engagement of stakeholders, business, non-governmental organizations, foundations and international organizations. Several United Nations programmes focus on entrepreneurship education. They include:

- The ILO Know About Business programme is a training programme for trainers and teachers in vocational, secondary and higher education, designed as a 120-hour course for students between the ages of 15 and 18 years. It can also be used for higher technical education and for professionals engaged in enterprise promotion.
- The ITC Certified Trade Advisers Programme builds the capacities of trade support institutions for designing and delivering export management and direct assistance programmes to small and medium-sized enterprises.
- The UNCTAD Empretec programme, which has operated in 36 countries since 1988, offers a behavioural approach to entrepreneurship and develops local trainers and tailor-made business development services delivered by local entrepreneurship centres.
- The United Nations Educational, Scientific and Cultural Organization (UNESCO) Education for Sustainable Development initiative contributes to sustainable environmental management to improve livelihoods.
- The UNIDO Entrepreneurship Curriculum Programme has a train-the-trainers on entrepreneurship component for students in secondary and technical schools and universities.
- The United Nations Institute for Training and Research (UNITAR) designs and implements participatory training programmes on entrepreneurship for young graduates, develops specific competency frameworks, associates learning and training with development strategies and promotes intersectoral collaboration.

[15] See Alicia Coduras Martínez and others, A Global Perspective on Entrepreneurship Education and Training, Global Entrepreneurship Monitor Special Report, 2010.

[16] See http://portal.starta.com.br.

- The UNESCO Learning Cities Network mobilizes cities to promote lifelong learning. A segment of the network promotes entrepreneurial learning. To that end, the International Conference on Learning Cities was held in Beijing in 2013, bringing together representatives of over 1,000 cities. The conference adopted the Beijing Declaration on Building Learning Cities.

38. At the national level, local entities are also developing curricula that are designed to help students to develop enterprising behaviours, attributes and skills as well as entrepreneurial mindsets. In the United Kingdom, for example, the Quality Assurance Agency for Higher Education provides advice to educators on creating entrepreneurship curricula. In India, the National Institute for Entrepreneurship and Small Business Development conducts national- and international-level training programmes in different fields and disciplines.

39. A major obstacle to successful entrepreneurship education is the lack of linkages between financial and non-financial services. Experience has shown that technical training alone does not achieve optimal results unless it is combined with adequate financial services. A key factor in the success of entrepreneurship education is the effective engagement with and participation of the private sector. This will expand access to entrepreneurship education through technology and the media, thereby helping to reach larger audiences. For example, UNIDO has established partnerships with Hewlett-Packard and Microsoft. Microsoft, Cisco and Intel, three major players in the information and communications technologies sector, have designed a downloadable educational programme on entrepreneurship. Numerous global competitions on projects related to information and communications technologies are aimed at students and educational institutions. The Disney Entrepreneur Center, in collaboration with the Kauffman Foundation and Google for Entrepreneurs, provides online tools. The multinational beverage company SABMiller promotes KickStart, a programme that supports young people in Botswana to start new, or expand existing, businesses. Encouraging farming as a business is the focus of several initiatives promoted by the International Fund for Agricultural Development (IFAD), the Food and Agriculture Organization of the United Nations (FAO), UNCTAD and UNIDO. Technical and vocational education and training and "second chance" education can spur employment for marginalized groups; it can also help young people find employment in "green jobs". The UNESCO International Centre for Technical and Vocational Education and Training responds to the need to develop and strengthen such training worldwide. It also manages the Technical and Vocational Education and Training (UNEVOC) Network.

40. Another issue is development, recognition and reward mechanisms for entrepreneurial educators. The International Entrepreneurial Educators Conference 2010 Concordat included five key calls for action: integration and pathways; improved support and leadership; clarity of impact measures and associated funding priorities; improved guidance on issues of quality; and assessment, recognition and reward.

41. A number of countries have quality assurance groups and strategies to train in-service and pre-service teachers in entrepreneurship. For example:

- In the former Yugoslav Republic of Macedonia, over 3,600 teachers have been trained at all three levels of formal education.

- In Indonesia, the Ciputra Quantum Leap Entrepreneurship Centre provides coaching and mentoring to teachers.
- In the United Kingdom, Enterprise Educators uses its network to circulate knowledge among educators. The national Quality Assurance Agency has developed guidelines in collaboration with the network.

42. An assessment of capacity-building programmes offered by the United Nations system, including the UNCTAD Empretec Programme and the ILO Start and Improve Your Business Programme, indicates that training targeted at improving entrepreneurial skills, behaviours and mindsets, combined with access to finance, is very effective. For example, 12 months after training, *empretecos* created new jobs, in some cases quadrupling their workforce. According to UNCTAD, beneficiaries of business linkage programmes increased employment, turnover, contracts and customers in the United Republic of Tanzania and Zambia. Employment increased on average by 14 per cent in Tanzania and 38 per cent in Zambia.

43. For future policy action in this area, it is important that comprehensive and comparable data are developed to monitor progress, in collaboration with national, regional and local authorities that play an essential role in their communities.

D. Facilitating technology exchange and innovation

44. Technology and innovation have the potential to address many development challenges; however, as noted in the report of the Secretary-General on the implementation of Agenda 21 (A/68/321), they have also added new problems. To varying degrees, all technologies may consume resources, use land, create toxic waste and pollute the environment. Despite national and international efforts, technology and innovation on a global scale have not delivered on set targets for eco-efficiency and pro-poor growth. The design and implementation of more inclusive and environmentally friendly innovation policies can help achieve more equitable and sustainable development, bringing the benefits of technology and innovation to the poor.

45. Projects in areas such as social housing, clean water for rural communities, waste management, health services for the poor, microfinance in low-income areas and biodiversity conservation need investors who are interested in generating social or environmental value beyond financial returns. It is important to note that innovative firms are found across all industries and sectors, not only in those typically associated with breakthrough innovation or high technology. According to the UNCTAD *World Investment Report 2014*,[17] sustainable economic development necessitates creating technological spillovers and linkages for the local economy, technology exchange and industrial upgrading, with a focus on the promotion of alternative business models, inclusive innovation and pro-poor value chains.

46. In global value chains, transnational corporations may create new pro-poor opportunities for the local suppliers, small farmers, small service providers and local vendors from whom they source. The positive impact of pro-poor value chain development is the strongest among smallholder farmers. In a rural context, interventions aimed at upgrading value chains and making them more inclusive may

[17] United Nations publication, Sales No. E.14.II.D.1.

increase productivity, income and food security.[18] The use of mobile phones is increasing among rural entrepreneurs, facilitating information and market access. Many small and medium-sized enterprises and cooperatives are engaged in renewable energy, which is associated with the development of a green economy.

47. In order to promote sustainable business growth, countries can create special business incubators for social enterprises. For example:

- The RLabs Innovation Incubator in South Africa develops social business ideas aimed at benefiting, reconstructing and empowering local communities through innovation.
- The Asian Social Enterprise Incubator in the Philippines provides comprehensive services and state of the art technology for social enterprises at the base of the pyramid.
- The Global Social Benefit Institute Accelerator programme at Santa Clara University, California, pairs selected social entrepreneurs with two Silicon Valley executive mentors to enable them to achieve scale, sustainability and impact.
- The Yunus Social Business Incubator Fund operates in several developing countries to enable local social businesses and entrepreneurs to help their own communities by providing key services.

48. To further sustainable development, green-tech clusters and technology parks have also been developed along with the "green cities" movement. Clusters can be product specific (local firms and entrepreneurs who produce inputs, for example green mobility, renewable resources, energy efficiency) or production specific (e.g., firms and entrepreneurs who produce in an environmentally and socially sustainable manner). In order for these initiatives to become more effective, however, there is a need to design intellectual property legislation and related government services in a manner that is friendly to small and medium-sized enterprises. Meeting international quality standards is a challenge for many local suppliers. Many Governments sponsor upgrading programmes, with the assistance of the donor community and United Nations agencies, to provide low-cost technical assistance for the adoption of quality practices and to facilitate ties with international buyers. Individual companies, including transnational corporations, can also play an important role in this area as part of their corporate social responsibility activities as technology transfer and diffusion is recognized as a social responsibility by the International Organization for Standardization (ISO 26000).

E. Improving access to finance

49. The global economic and financial crisis of 2008 led to a significant tightening of credit and constrained access to finance for entrepreneurs and small and medium-sized enterprises around the world. In the immediate aftermath of the crisis, Governments reacted with emergency measures, such as the extension of far-reaching credit guarantees for lending to small and medium-sized enterprises.

[18] See Field Report No. 18: Smallholders and Inclusive Growth in Agricultural Value Chains, United States Agency for International Development and FIELD-Support, 2014.

The focus of policy makers has since shifted to kick-starting growth through venture loans to specific underserved segments of entrepreneurs, such as women [19] and youth. [20] However, access to finance is cited by entrepreneurs as their main constraint. [21] According to the International Finance Corporation (IFC), the collective unmet financing needs of entrepreneurs in developing countries amount to $2 trillion.[22] In addition, many micro-entrepreneurs also continue to lack access to formal financial services.

50. Social enterprises are typically financed by a combination of market resources, non-market resources (e.g., government subsidies and private donations) and non-monetary resources (e.g., volunteer work). However, there is a need for proactive investments for supporting business, such as "impact investment", which can have a strong social impact while at the same time ensuring financial returns on investments.

51. In response, new channels of financial services give small and medium-sized enterprises the opportunity to raise money in small amounts directly from individual small investors, including through:

- Solidarity finance
- Venture philanthropy
- Individual investment
- Quasi-equity and equity instruments
- Ethical or social capital markets
- Microcredit and micro insurance
- Mobile money
- Crowd-funding

52. Governments will need to introduce regulations for these new schemes. For example, several Governments in Africa have begun to regulate cross-border mobile money services to enable their integration and deepening. Many countries are considering crowd-funding legislation.

53. Guarantees and grants can also serve to attract investment to sustainable development. Challenge funds have emerged as effective and versatile financing mechanisms to catalyse pro-poor innovation and investment. For example, the Jobs Fund in South Africa co-finances projects pursued by public, private and civil society organizations that will significantly contribute to job creation. Government banks have also developed guarantee schemes to enable customers without a financial history or collateral to access credit. Agrofinanzas, a Mexican commercial bank initiative, is a good example.

[19] For example, the newly founded Bharatiya Mahila Bank in India and the Liya Isuru schemes in Sri Lanka.

[20] Paul Vecchiatto, "Industrial Development Corporation agency to boost South African youth entrepreneurship funding", Business Day (South Africa), 7 May 2013.

[21] See World Banks Enterprise Surveys.

[22] IFC, "Access to credit among micro, small, and medium enterprises", August 2013.

54. Many entrepreneurs in developing countries can benefit from targeted capacity-building in financial literacy and from innovative delivery mechanisms using modern banking technologies. Special attention should be given to assist innovative, high-growth firms in the areas of green technology and sustainability, which often need to attract distinct forms of financing, including equity and venture capital. UNIDO offers assistance in selecting financial schemes, including grants and revolving and guarantee funds.[23] Child and Youth Finance International works to ensure that youth are financially included and have the ability to save, including through access to child- and youth-friendly bank accounts.

55. Other high-profile initiatives are the following:

- The Finance Challenge for small and medium-sized enterprises launched by the Group of 20 (G20) provides policy guides on innovative proposals and best practice to facilitate access to finance for developing country small and medium-sized enterprises initiated by the G20 Financial Inclusion Peer Learning Program. The G20 has committed more than $500 million to support the winners of the Challenge.
- OECD is addressing the fact that there is not only a lending gap with respect to small and medium-sized enterprises but also an information gap with respect to lending activity to small and medium-sized enterprises by financial intermediaries. Policy makers must bridge these gaps if they are to monitor the impact of their policies.
- In the area of microcredit, Kiva Microfunds allows people to lend money via the Internet to low-income/underserved entrepreneurs and students in over 70 countries. Since 2005, Kiva has lent $600 million to more than 1,2 million beneficiaries.
- In the area of credit-rating assessment, Harvard Entrepreneurial Finance Lab utilizes psychometric testing to measure risk and future entrepreneurial potential without requiring business plans, credit history or collateral. The initiative is now rolling out its methodology to banks in several developing countries.
- The World Business Angels Association, a not-for-profit organization, has more than 15 national business angels' networks and associations. The Association raises global awareness about the importance and practice of business angel investment, stimulates the exchange of best practice in angel investing and enhances the development of cross-border angel investing.
- The Finance Alliance for Sustainable Trade is a membership association of financial institutions and producers supported by the United States Agency for International Development dedicated to the sustainable production and trade of products. The Alliance has developed a "financial literacy toolbox" for developing country entrepreneurs.
- The Seed Capital Assistance Facility is a support mechanism for clean energy investments in Africa and Asia. It is implemented through the United Nations

[23] Enterprise Development and Investment Promotion programme, Subcontracting and Partnership Exchange Programme and Computer Model for Feasibility Analysis and Reporting programme.

Environment Programme (UNEP), the Asian Development Bank and the African Development Bank.

- ITC has developed an online course for entrepreneurs on how to prepare bankable business plans, trade finance and risk management.

F. Promoting awareness and networking

56. Closely connected with entrepreneurship education is the need to raise awareness about entrepreneurial opportunities and the value entrepreneurship brings to society, at the same time addressing and removing the stigma around failure. Negative sociocultural perceptions about entrepreneurship can act as significant barriers to enterprise creation and undermine the benefits of entrepreneurship.

57. In many countries promotion of a spirit of entrepreneurship, entrepreneurial competencies and role models can play a strategic role in unleashing entrepreneurial talents. In many cases cultural bias considers self-employment a necessity for those who do not manage to find a job. Campaigns to promote entrepreneurship that celebrate local entrepreneurs — who can be role models — are very effective. Awards, fairs and business competitions for targeted groups, such as young people, women, vulnerable groups and migrants, can be equally useful. In the United Arab Emirates, for instance, the Abu Dhabi Council for Economic Development has since 2009 inspired and educated students to become successful entrepreneurs through an annual Entrepreneurship Awareness Campaign, featuring workshops, forums and a business ideas competition. The initiative, which attracted more than 2,000 participants in 2013, is organized in collaboration with universities and educational institutions.[24]

58. Other initiatives are:

- Startup Weekend, a global network that brings together entrepreneurs and aspiring entrepreneurs.
- The Skoll Awards for Social Entrepreneurship, given each year by the Skoll Foundation to a group of social entrepreneurs who have had a demonstrable impact on solving some of the world's most pressing problems.
- The Schwab Foundation for Social Entrepreneurship, which identifies a select community of social entrepreneurs and engages it in shaping global, regional and industry agendas in collaboration with other stakeholders in the World Economic Forum.
- The SEED (Supporting Entrepreneurs for Environment and Development) Awards, which spotlight new locally driven enterprises that have found creative ways to overcome challenges for their communities.

59. Developing long-term partnerships with financial and training organizations or working with business organizations increases the capacity of individual entrepreneurs. Dealing with government agencies, complying with regulations and securing government contracts are difficult for a small entrepreneur. These activities can be facilitated by alliances, associations and advocacy groups. However, these

[24] See www.akoun.ae/en/Home.aspx.

groups are often weak, and funding and capacity-building can improve their effectiveness.

IV. Conclusions and recommendations

60. **Today's fast-changing world demands addressing the challenges of food security, urbanization, environmental and demographic variations, scientific and technological advances, cultural diversity, governance and sustainability in an integrated way. For entrepreneurship to be part of the solutions to these challenges, it should be seen not as an individual choice but as a societal transformation towards building a new generation of entrepreneurs who have a vision for sustainable development.**

61. **The present report highlights recent efforts to develop entrepreneurship policies using a holistic and bottom-up approach, building on inputs from subnational regions, cities and all types of communities and involving institution-building and ensuring the participation of a broad spectrum of stakeholders in policymaking.**

62. **A number of countries have improved their regulatory environment, streamlining administrative processes by clarifying procedures, adopting e-regulations, providing support to enhance formalization and offering social protection and other incentives. In particular, the adaptation of existing regulations and the development of clear rules for social enterprises, cooperatives and networks of firms have facilitated their financing and expansion. Many countries have recognized the need to foster entrepreneurship through enterprise education, from primary-school level to retirement, based on creating explicit opportunities at all levels of education.**

63. **While advances in information technology have spread globally, there is still a need in developing countries to accelerate the implementation of communications and power infrastructure. Many countries are harnessing the potential of information and communications technologies to improve the productivity of existing businesses and to provide an enabling environment for start-ups. In addition, numerous programmes encourage technology transfer via international firms and technology exchange by means of local clusters and supply chains to support local firms, and facilitate local knowledge generation, innovation and technology adaptation. Programmes also seek to build bridges between institutions and the private sector. Guarantees and development banks have been the preferred instruments to address access to finance constraints for start-ups and small and medium-sized enterprises. More recent initiatives have introduced new channels of financial services to give small businesses the opportunity to raise money in small amounts directly from individual small investors.**

64. **Building on good practices, the following recommendations highlight what can be done at the global level with the support of the United Nations to encourage entrepreneurial activities in line with sustainable development principles and inclusivity.**

65. **A global forum on entrepreneurship for development should be convened to leverage existing national and regional policy networks to scale up and**

transfer their experiences and encourage the adoption of common impact indicators. The outcome of such a meeting could include the adoption of a "charter for entrepreneurial change", which could provide guidelines on how to incorporate entrepreneurship in the sustainable development process and propose measures for implementation. Global and regional partners could participate in organizing preparatory meetings and the forum itself. Partners could be encouraged to provide support to enable start-ups with limited resources to participate in the forum.

66. National centres of excellence in entrepreneurship should be established or strengthened. Taking stock of existing successful experiences, the United Nations could provide guidance on how to establish such centres, encouraging networking and the sharing of good practices among them, including on issues related to the internationalization of small and medium-sized enterprises.

67. National, regional and global networks of entrepreneurship and enterprise educators should be developed. Engaging trainers, local communities and social organizations to join networks at the subnational, national and global levels is crucial in order to share experiences and knowledge among entrepreneurial schools, colleges, universities and communities. If so requested, the United Nations could offer its expertise and work together with relevant stakeholders to develop online resources and curricula relevant for start-ups and small and medium-sized enterprises.

68. Work on financial inclusion should be expanded. Dedicated efforts should be enhanced to continue expanding the capacity, competency and willingness of financial institutions to serve small and growing businesses as well as cooperatives and social enterprises, including by encouraging a variety of alternative finance schemes such as community-based savings and complementary currencies.

69. Entrepreneurship opportunities for youth should be enhanced. In addition to ensuring financial inclusion and promoting networks for and among youth, support for a global mentoring scheme or declaring a "year of the young entrepreneur" to foster these initiatives among youth could be of great value. This effort could culminate in a global "collaborative design challenge" to elicit innovative solutions from youth teams around the world.

70. Women entrepreneurs should be empowered. Efforts should be strengthened to continue promoting the equality of women in all areas relevant to fostering entrepreneurship, including business regulations, financial inclusion, access to markets, and information and communications technologies and technology access. A network of goodwill ambassadors for women's entrepreneurships could be promoted to advance guidance on how to enable women to use their full entrepreneurial potential.

71. Diversity should be embraced. Inclusion of disadvantaged social groups such as minorities, migrants and persons with disabilities requires dedicated attention. Encouraging their integration into entrepreneurial networks and bringing together community-based and social organizations to support these efforts may offer significant value by leveraging an untapped human resource into productive sectors. The United Nations could offer guidance in this regard.